TBF TRADING ACADEMY

Order Blocks (OB)

The last opposing candle before a displacement move.

Module: 03 — Institutional zones

For educational purposes only. Trading involves risk of loss.

Definition

An order block is the last down-close candle before a bullish displacement (bullish OB), or the last up-close candle before a bearish displacement (bearish OB). It marks the origin of the institutional move.

Why price returns to it

Not all orders were filled at the origin. Institutions frequently push price back to the OB to fill the remainder before continuing.

Valid vs invalid order blocks

- Valid: created a break of structure on the impulse.
- Valid: has an FVG attached to the displacement move.
- Valid: sits at a higher-timeframe level of interest (previous high/low, discount/premium).
- Invalid: no displacement — price simply drifted away.
- Invalid: already been tapped and rejected multiple times.

How to draw the zone

- Use the full body-to-wick range of the origin candle.
- Extend the zone to the right until it is either mitigated or invalidated.
- Refine on the LTF: the true OB is often only the upper 50% (bearish) or lower 50% (bullish) of the HTF candle.

Trade management

Stops go beyond the opposite extreme of the OB. First take-profit at the nearest opposing liquidity pool; runners target the HTF draw on liquidity.

Order Blocks — Chart Example